



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Cleta Mitchell, Esq.  
Foley & Lardner LLP  
3000 K Street, N.W.  
Suite 600  
Washington, D.C. 20007

APR 19 2018

RE: MUR 7257  
TeaPartyExpress.org and  
Kelly Lawler in her official  
capacity as treasurer

Dear Ms. Mitchell:

On April 17, 2018, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 52 U.S.C. § 30104(b)(4)(H)(iii), (b)(8), and (g), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See *Disclosure of Certain Documents in Enforcement and Other Matters*, 81 Fed. Reg. 50,702 (Aug. 2, 2016). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the first installment of the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1548.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Tran", with a long horizontal line extending to the right.

Lynn Tran  
Assistant General Counsel

Enclosure  
Conciliation Agreement

RECEIVED  
BEFORE THE FEDERAL ELECTION COMMISSION CENTER

In the Matter of )  
 )  
TeaPartyExpress.org and ) MUR 7257  
Kelly Lawler in her official )  
capacity as treasurer )

2018 APR 18 PM 4:50

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Based on a Commission audit of the TeaPartyExpress.Org for the time period of 2011-2012, the Commission found reason to believe that TeaPartyExpress.org and Kelly Lawler in her official capacity as treasurer ("Respondents") violated 52 U.S.C. §§ 30104(b)(4)(H)(iii) and (b)(8), provisions of the Federal Election Campaign Act of 1971, as amended, (the "Act").

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. TeaPartyExpress.org is a political committee within the meaning of 52 U.S.C. § 30101(4) and is not the authorized committee of any candidate.

2. Kelly Lawler is the treasurer of TeaPartyExpress.org.

3. The Act requires committee treasurers to file reports of disbursements in accordance with the provisions of 52 U.S.C § 30104(b). 52 U.S.C. § 30104(a)(1). This requirement includes reporting independent expenditures made by political committees other than authorized committees. 52 U.S.C. § 30104(b)(4)(H)(iii), *see also* 11 C.F.R.

§ 104.3(b)(1)(vii).

4. Every political committee that makes independent expenditures must report them in its regularly scheduled disclosure reports in accordance with 11 C.F.R. § 104.3(b)(3)(vii). 11 C.F.R. § 104.4(a). A political committee must disclose on Schedule E the name of a person who receives any disbursement during the reporting period in an aggregate amount or value in excess of \$200 within the calendar year in connection with an independent expenditure by the reporting committee. 11 C.F.R. § 104.4(a). The report also must disclose the date, amount, and purpose of any such independent expenditure and include a statement that indicates whether such independent expenditure is in support of or in opposition to a candidate, as well as the name and office sought by such candidate. Independent expenditures of \$200 or less do not need to be itemized, though the committee must report the total of those expenditures on line (b) of Schedule E. *Id.*

5. Political committees that make or contract to make independent expenditures aggregating \$1,000 or more with respect to a given election after the 20th day, but more than 24 hours before the date of that election, must disclose them within 24 hours following the date of public dissemination. 52 U.S.C. § 30104(g)(1); 11 C.F.R. § 104.4(c). These reports, known as 24-Hour Reports, must be filed within 24 hours of public

dissemination after each time it makes or contracts to make independent expenditures aggregating an additional \$1,000. 11 C.F.R. § 104.4(c).

6. A political committee that makes or contracts to make IEs aggregating \$10,000 or more for an election in any calendar year, up to and including the 20th day before an election, must report these expenditures within 48 hours of public dissemination. 52 U.S.C. § 30104(g)(2); 11 C.F.R. § 104.4(b)(2). These reports, known as 48-Hour Reports, must be filed by the end of the second day “following the date on which a communication that constitutes an independent expenditure is publicly distributed or otherwise publicly disseminated.” 11 C.F.R. § 104.4(b)(2). A committee is required to file additional reports within 48 hours of public dissemination each time it makes or contracts to make additional independent expenditures aggregating an additional \$10,000. *Id.*

7. As set forth in the Final Audit Report, the Commission found that during the 2011-12 election cycle, the Respondents failed to properly disclose independent expenditures totaling \$848,522. In addition, the Commission found that Respondents did not file 24-Hour or 48-Hour Reports for independent expenditures totaling \$28,003 for independent expenditures reported on Schedule E, and that Respondents did not file 24-Hour or 48-Hour Reports for additional independent expenditures totaling \$848,522.

8. Respondents contend that they believed a portion (\$510,960 of the \$848,522) of the independent expenditures at issue did not require disclosure as independent expenditures because the communications were sent to the Respondents’ list of prior donors and therefore were not “publicly disseminated.”

9. Political committees must also disclose the amount and nature of outstanding debts and obligations until those debts are extinguished. 52 U.S.C. § 30104(b)(8); 11 C.F.R. §§ 104.3(d), 104.11(a). Debts of \$500 or less must be reported no later than 60 days after the obligation is incurred, while debts of more than \$500 must be reported as of the date the obligation is incurred. 11 C.F.R. § 104.11(b).

10. As set forth in the Final Audit Report, the Commission found that during the 2011-12 election cycle, the Respondents failed to properly disclose debts and obligations pertaining to expenditures totaling \$310,561.

11. Respondents contend that their systems were changed in the 2013-14 cycle to ensure that all payables and invoices are promptly forwarded to the Treasurer to ensure that debts and obligations are reported timely and accurately.

V. Solely in the interest of resolving this matter, Respondents agree to the following:

1. Respondents violated 52 U.S.C. § 30104(g) by failing to properly disclose certain independent expenditures.

2. Respondents violated 52 U.S.C. § 30104(b) by failing to properly disclose debts and obligations totaling \$310,561.

VI. Respondents will take the following actions:

1. Pursuant to 52 U.S.C. § 30109(a)(5)(A), Respondents will pay a civil penalty to the Federal Election Commission in the amount of Fifteen Thousand Dollars (\$15,000). The Fifteen Thousand Dollar (\$15,000) civil penalty will be paid as follows:

a. A payment of Five Thousand Dollars (\$5,000) is due no more than thirty (30) days from the date this Agreement becomes effective;

b. Thereafter, four consecutive monthly installments of Two Thousand Five Hundred Dollars (\$2,500) each;

c. Each such installment shall be paid within thirty (30) days of the due date of the previous installment;

d. In the event that any payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondents. Failure by the Commission to accelerate the payments with regard to any overdue payment shall not be construed as a waiver of its right to do so with regard to further overdue payments.

2. Respondents will cease and desist from violating 52 U.S.C. § 30104(b) and (g).

3. Respondents will amend the relevant disclosure reports to accurately reflect debts and obligations as set forth in the Final Audit Report.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have

executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lisa J. Stevenson  
Acting General Counsel

BY: Kathleen M. Guith

4-19-18

Kathleen M. Guith  
Associate General Counsel  
for Enforcement

Date

FOR THE RESPONDENTS:

Cleta Mitchell

April 10, 2018

Cleta Mitchell, Esq.  
Counsel for Respondents

Date

18000-1-1000